



## Financial Literacy throughout the Life Cycle

*A Mini-Conference of the 2005 White House Conference on Aging*  
July 14, 2005 | 101 Constitution Avenue, NW | Washington, DC

### **Breakout Group One – Building a Financially Smart Society** *What Can Be Done to Help Americans Plan and Save Properly throughout Life?*

#### **The White House Conference on Aging Should Support Policies That:**

**Mandate Congressional and Administration action to implement the national financial literacy strategy developed by the Financial Literacy and Education Commission.** This strategy was developed with the input of Financial Literacy and Education Commission members and over 127 organizations and 31 individuals. For Americans to recognize the importance of financial education, this strategy must receive the same attention and support as have other national campaigns such as seat belt use, smoking cessation, forest fires, and crime reduction.

**Require the federal government to work more cooperatively with state and local governments and nonprofit organizations in implementing its financial education initiatives.** While the federal government currently has made great strides in harmonizing its financial education efforts among agencies, it could make this endeavor more efficient if it coordinated its work with national and local nonprofit organizations, and implemented its strategy through state and local governments.

**Encourage the creation of standardized evaluation tools and collection of best practices that would be centrally housed for wide dissemination.** Currently, nonprofit organizations, businesses, and government agencies do not have access to a central source of materials, programs, and tools to provide financial education. As well, there is a lack of defined best practices available for these entities to follow in the delivery of financial education. A centrally housed and widely recognized source for this information would help to ensure attempts to provide financial education are efficient and effective.

**Support the nationwide introduction of financial education in schools.** It is essential for financial literacy efforts to begin at the earliest stages. Elementary and secondary schools should provide all students with basic age-appropriate and segmented financial education programs that include matters such as budget creation, compound interest, savings goals, the concepts of cash versus credit, and long-term planning.

**Require federally chartered financial organizations and all federal loan programs to fund segmented financial education programs.** These financial institutions should offer financial education on the advantages of building actual home equity, the risks of carrying too much mortgage debt, and the nature of interest-only mortgages. Federal loan programs should require recipients to take a course in the effects of debt and determine the implications for their personal finances.

**Provide individuals making financial decisions with trusted sources of information and helpful education.** This information would be standardized and noncommercial in nature. It would focus on specific financial issues and be readily available in such settings as community centers, college counseling offices, workplaces, affinity group meetings, government offices, and financial services firms.

**Ensure all workers have access to retirement savings plans.** This could be provided through increasing the number of employers that sponsor plans or new sources such as affinity groups, private savings, or government-sponsored plans.

**Encourage employers to adopt automatic savings decisions.** This process would enroll employees in various retirement savings programs with opt-out provisions as the only way not to participate. This includes enrollment in workplace retirement savings plans, escalation of contributions, age-appropriate passive allocations, and consistent and lifelong income distributions.

**Encourage employment-based financial planning and savings education opportunities that are numerous, easily accessible, and widely attended.** This would include employers providing employees with time off to attend workplace seminars.

**Encourage employers to provide access to trusted financial advice.** This would include employer-paid nonbiased fiduciary advisors, reimbursements for outside advice, tax preferences for personal advice, and time off for meetings.